

# inside

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## OPPORTUNITIES IN THE ORIENT



In November, Governor Stan Stephens led a Pacific Rim trade mission to Taiwan and Japan. Accompanying the Governor were Department of Commerce Director Mike Letson, Business Development Administrator Bob Heffner, and Pacific Rim Trade Officer Matthew Cohn. Representatives from agriculture, tourism and economic development interests also traveled with the group.

### Taiwan

#### Investment in Montana

Augustin T.T. Liu, secretary general of the Chinese External Trade Association (CETRA), stated that the Chinese government encourages small and medium-sized Chinese businesses to consider Montana and other inland states as business and investment locations.

Liu stated that his government advocates Chinese investment in the United States to help reduce the current \$9 billion trade imbalance between the two countries. Liu said that Chinese companies are encouraged to make their investments

in states like Montana because "all things being equal, Montana and other inland states are more appreciative of the investment and helpful to the Chinese businessman and investor" than the more populated states on the West and East Coasts.

### Coal Export and Clean Coal Technology

S.C. Hsi (pronounced Shee), vice president of the Taiwan Power Company, said his firm is interested in test burning between 60,000 and 120,000 metric tons of Montana's low sulfur coal in its power plants.

Governor Stephens indicated that, if successful, the test burn could lead to enormous opportunities for Montana coal. Taiwan economic planners project that by the year 2000, imports of coal to their country will more than triple. Currently Taiwan imports 9 million metric tons of coal for use in its power plants. An increase to 28 million metric tons over the next 12 years is expected.

The United States is one of Taiwan's main suppliers of coal, but Montana has not participated in that export market. Hsi told the Montana delegation that this could change if Montana's coal meets his country's moisture and ash requirements and is priced competitively.

Governor Stephens expressed optimism that much of Montana's coal meets the Chinese burning requirements. He said competitive pricing will be the main issue. The Department of Commerce will supply Taiwan Power Company with coal price estimates based on delivery to Vancouver, and British Columbia.

As coal-fired power generation is expanded in Taiwan, Hsi said environmental protection, particularly air quality, is a key concern. In response, Montana officials presented Hsi with a proposal to participate in a joint research project exploring clean coal technology.

Western Energy, a Montana Power Company subsidiary, and the U.S. Department of Energy (DOE) are currently looking for a third party to participate in a \$40 million to \$45 million clean coal technology pilot plant. The project will research methods of reducing moisture in coal and reducing sulfur emissions. The process could lower the transportation costs for Montana coal by 25 percent per unit of energy and address environmental concerns related to sulfur dioxide and other atmosphere pollutants.

The DOE has offered \$28 million for the project, and Western Energy can provide another \$8 million to \$9

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# In this issue

Lotto\*America

Winter Campaign

Nonresident Travel

Biotech Companies

## Perspectives



*Stan Stephens came to Montana at age 19 and began a 38 year career in broadcasting. He worked in all phases of the broadcasting industry as a news and editorial writer, announcer, and chief executive officer for two radio stations and three cable TV systems in Montana.*

*Stephens, a Republican, began his political career in 1969 with election to the Montana State Senate. During his 16 years of legislative service, he held every Senate leadership position. Stephens was elected governor of Montana in 1988.*

The Montana economy is on the move. There is a resurgence in our basic industries, new activities are being added to our economic profile, our workers are in demand and employed at rates which are the highest in a decade.

The Montana Commerce Department has helped provide the spark that is turning things around in Big Sky Country. Under the capable leadership of Mike Letson, the "can do" pros at Commerce are igniting public/private partnerships essential to unleashing the potential of our economy.

During our Centennial Year, Commerce worked with Montana's tourism industry to break all records for non-resident tourist sales, the second consecutive record year for this important part of the state's economy.

Through Commerce, Montanans saw successful trade missions to Taiwan, Japan, Canada, and western Europe open up new and exciting markets for Montana's natural resource industries and producers of value-added products.

Our Centennial Year saw the restoration of the department's science and technology arm portending opportunities for job creation in this emerging area of economic development.

1989 was a good year. As we move into Montana's second century, I have every confidence that whatever challenges lie ahead we can make the decade of the nineties a milestone of success and prosperity for all Montanans.

## NONRESIDENTS MEAN BIG BUSINESS

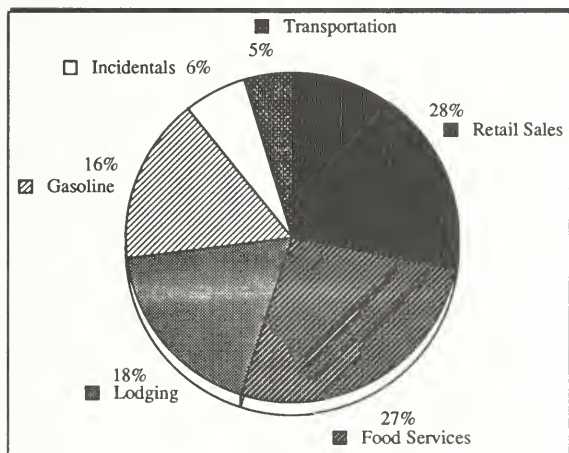
The University of Montana's Institute for Tourism and Recreation Research recently published a report detailing the economic impact of nonresident travelers to Montana. In 1988, nonresident travelers spent \$658 million that resulted in an economic impact to the state of \$1.45 billion.

Air travelers tended to stay longer, spend more and travel in smaller groups than highway travelers, but they only accounted for 11 percent of the total travel groups.

Nonresident travel in Montana directly supports 12,300 Montanans. The total work force needed to serve and supply nonresident travelers,

travel to be compared with those of other major industries. The impact of nonresidents alone—previously estimated at approximately half the total impact of the travel industry in Montana—places the travel industry in the top five primary industries in the state. The impact of Montana resident travelers and nonresident bus group tours is currently being measured by the university.

### *How the Non-Resident Travel Dollar is Spent*



The study data were gathered by surveying travelers arriving in Montana via passenger car or commercial airline from April 1988 through March 1989. Visitors were given diaries to record their expenditures, stops and travel itineraries.

The greatest share of travelers' dollars, 28 percent, went to retail stores to purchase everything from expensive fly rods to T-shirts made in Montana. Another 27 percent of the nonresident travel dollar was spent on food, 18 percent on lodging, 16 percent on fuel, 6 percent on incidentals and 5 percent on transportation.

however, was estimated at more than 22,500.

More than 2 million travel groups (travel group consists of all people traveling together) arrived in Montana in 1988: 45 percent visited in the summer, 18 percent in the fall, 9 percent in the winter, and 28 percent in the spring. More fall and winter travelers arrived by air and tended to stay longer, thereby boosting the yearly economic impact of the seasons to 21 percent and 14 percent, respectively.

The methodology used by the University of Montana allows the economic impact of nonresident

## BOARD OF MEDICAL EXAMINERS

On November 4, Patricia England became the first executive secretary for the Montana Board of Medical Examiners.

The position, created by the 51st Legislature, requires a full-time professional to assist the board. England, a practicing attorney in Montana, will prosecute matters involving license discipline and administer the board's affairs and statutory obligations.

England stated that the work done by the board and its staff directly affects the public and governmental entities, both locally and nationally. Litigation often involves public safety and health issues and sets important precedents. The office will pool and coordinate information received by the board and disseminate it to the public.

The Board of Medical Examiners provides laws and regulations to protect the public against unprofessional, improper, unauthorized, and unqualified practice of medicine and licenses competent physicians.

## 東洋での機会

million. The third party is asked to provide the remaining funds for the project. Hsi will present the Montana proposal to the president of Taiwan Power for discussion.

### Japan

#### Kumamoto and Montana

Governor Stephens and Kumamoto Governor Hosakawa are committed to making the sister-state relationship economically beneficial to all involved.

Kumamoto companies currently buy Montana lumber, other wood products, and hay. Discussions are underway about sapphires, mushrooms, jewelry, beef and tourism.

#### Westpac Homes

Westpac, a Japanese prefabricated home builder, has purchased lumber from a company in Missoula with monthly orders in the \$60,000 to \$80,000 range.

Governor Stephens and other trade mission officials toured Westpac facilities and met with Tetsuo Ono, chairman of the home building firm. If Montana lumber is satisfactory, Westpac will increase its purchases from state suppliers and continue its plan to add about four more factories to build prefabricated houses in Japan.

#### Naturally Yours

The Japanese-owned firm, Naturally Yours, plans to invest between \$7 million to \$10 million in Montana to develop a natural foods, health-spa resort complex near Livingston.

The Beverly Hills, California-based company has purchased 2,000 acres of land east of Livingston in the Springdale area. Mr. Hashimoto, chairman and founder of the company, said the company plans to utilize the natural hot springs on the property for a geothermal greenhouse complex where natural foods and herbs can be grown, and as a source of mineral water for bottling. The products would be distributed through the firm's 800 stores in Japan.

In addition to the food and mineral water products, Naturally Yours' long-range plans include developing a health resort and spa for tourists. The firm operates similar facilities in Brazil and Europe.

Hashimoto emphasized that the Montana development would provide employment opportunities for Montanans and market opportunities for producers of organic foods and medicinal products. Naturally Yours officials expect to bottle the mineral water locally and draw on the resources of Montanans in its operations.

Construction of a test greenhouse is expected to be completed in December 1989. The firm expects to be distributing products from its Montana location in 1992.

Naturally Yours, which markets natural foods, cosmetics and merchandise through its stores in Japan and the United States, had a sales volume of \$800 million in 1988.

#### Dinosaur Touring Exhibit

A massive media and promotional campaign advertising an exhibit of Montana dinosaur fossils in Tokyo will begin in March 1990.

Cosponsored by Yomiuri Shinbun, Japan's top newspaper, and Japan's National Science Museum, the display will open March 9 and remain in Tokyo through May 23 when it will embark on a two-year tour of Japan.

The theories resulting from the fossil discoveries and the representation of dinosaur rearing habits will be the focus of the display developed by Jack Horner of MSU and the Museum of the Rockies.

Yomiuri, with a circulation of 9.6 million, is the world's largest newspaper. It will provide subway and bus posters, flyers, grade school and high school promotions as well as newspaper coverage of the exhibit.

The potential for increasing Montana's name exposure and recognition is enormous. The governor, Commerce Department and state tourism officials may attend the

grand opening of the exhibit in 1990 to present a Montana promotion centered around the state's products and tourism.

Kokoro Company is creating mechanical dinosaurs for the exhibit. Earlier this year Kokoro and Yomiuri contributed a robot dinosaur and audio visual equipment to the Museum of the Rockies in Bozeman. The gift is valued at about \$250,000.

#### Japan Coal Sales

Sumitomo Corporation, Japan's second largest import-export company, and Japan Coal Development Council met with the Montana delegation and discussed Montana's coal resources, clean coal technology and Japan's growing interest in coal purchases from the western United States.

Hideo Yokota, president of the development council representing Japan's largest utility companies, estimated that Japanese coal imports will increase by 40 million metric tons by the year 2000, about a 5 percent growth each year.

Bill Thompson, president of Meridian Resources, a BN subsidiary currently pursuing coal development permits for the Bull Mountains near Roundup, said his company's coal could meet the Japanese technical requirements for low moisture and sulfur content and be delivered at a competitive price.

It is estimated that production from the Bull Mountain field could reach 3.5 million tons per year and provide 250 jobs.

#### Expansion Into Japanese Markets

Yukohas Eto, executive director of the Japan External Trade Organization (JETRO), reported that Japan imported \$47.3 billion worth of goods and services in 1988, a 25 percent increase from 1987. He emphasized that recent changes in the Japanese consumer tastes and buying patterns represent new market opportunities, particularly for agricultural commodities and



## FUN IN THE SNOW

gourmet and health foods. Japan imports agriculture and food products worth \$15 billion yearly, the world's largest amount.

Eto recommended two strategies for Montana businesses entering the Japanese market: first, to pursue joint ventures with small to midsize Japanese companies; second, to establish sister-city relationships with Japanese cities, particularly in the Tokyo-Osaka area.

Sister-city arrangements are important because of the Japanese cultural emphasis on developing personal relations before entering into business ventures. Sister-city relations encourage a broad spectrum of formal and informal contacts between business and governmental representatives.

The Tokyo-Osaka area should be a prime target for such relationships because more than 90 percent of Japanese manufacturing originates in this area. Commerce officials note that 38 percent of Montana exports are sent to Japan and more than 50 percent are sent to Japan, Taiwan and Korea combined.

Commerce Director Mike Letson said his department would work with JETRO officials to identify compatible sister-city partners in Montana and Japan.

The largest winter advertising campaign ever undertaken by the private sector and the state of Montana is generating hundreds of inquiries daily.

Montana's three major winter recreations—downhill skiing, cross-country skiing, and snowmobiling—all are being touted nationally and in Canada.

The downhill ski promotion includes full color magazine ads from 1-5 pages reaching over 2 million readers. The ads list all Montana ski areas with those contributing financially receiving a higher profile. A postage paid card is included with all downhill ski ads offering readers a *Montana Winter Guide*.

The 32-page *Montana Winter Guide* details downhill and cross-country ski areas, transportation and lodging. The back cover of the guide features summer photos of Montana and a coupon to request the summer vacation planning kit. The private sector funded 30 percent of the guide.

Montana's "powder perfect" reputation again will be advertised through airport displays at the Salt Lake City airport from November through February. Large outdoor boards will be displayed in Seattle, Minneapolis, North Dakota and southern Saskatchewan during January and February. The billboards will receive television coverage featuring ski packages and the Montana toll-free information number to request ski information.

Approximately 15 percent of the total campaign is provided through the private sector ski areas.

The Cross Country Ski Co-op consists of a full-color, full-page ad in the *Cross Country Skier* that reaches more than 150,000 readers. The ad emphasizes wildlife along groomed trails and contains an endorsement from the *Chicago Tribune* stating "from Glacier Park to Yellowstone, Montana is our choice." The private sector responded with a commitment to fund 38 percent of the advertising costs.


The snowmobiling program is a new advertising campaign made possible through the cooperative efforts of the private sector tourism regions within the state. This ad continues the full-color, full-page format in the October issue of *SnoWest* and *Snowmobile*. November's issues will include a 1/6 page, black and white ad, reaching one million readers. The tourism regions receive special emphasis in the ad and responded to the opportunity by funding 56 percent of the ad costs.



### 1989-90 Montana Winter Guide

**Downhill Skiing**  
Resorts, Packages, Lodging  
& Winter Activities

**Cross Country Skiing**  
Yellowstone & Glacier  
National Parks, National  
Forests, Resorts, Lodges,  
Touring & Trails



Snowmobile enthusiasts who respond to these ads will receive a copy of the newest winter publication, the *Montana Snowmobile Guide*. This guide has been produced through the cooperative efforts of the Montana Snowmobile Association, the U.S. Forest Service, the Montana Department of Fish, Wildlife and Parks and the Travel Montana office.

## BIOTECH COMPANIES FUNDED

At its November meeting, the Montana Board of Science and Technology Development committed funds to Basic Bio Systems, Inc. (BBSI) and ChromatoChem, Inc., both of Missoula.



Basic Bio Systems received its second disbursement under the original \$350,000 investment agreement that was formalized in August (see July-September issue of *Inside*). The current \$150,000 disbursement brings the total amount released to the company to \$250,000.

The funds allow the company to continue expanding its Missoula research facilities. To date, the company has hired additional researchers, purchased laboratory equipment, and continues to expand its cooperative research relationship with Montana State University, Montana Tech, and the University of Montana.

The company's product development also continues to be successful. BBSI is developing new products for the pesticide, cosmetic, herbicide and pharmaceutical industries, using a process that controls the release of active agents. In recent months, the company entered into formal partnerships with several U.S. firms, and is also negotiating with several Japanese firms regarding potential applications of the technology.

"We are excited about Basic Bio Systems and the potential applications for its controlled release technology," stated the MSTa Executive Director Steve Huntington.

"The company and its products generated significant interest from other venture capital investors during a recent investment forum in Denver," he said. "We hope several of the firms will choose to coinvest in Basic Bio to meet its future funding requirements."

The ChromatoChem, Inc. product line centers around a technology for purifying liquids and solutions by separating solids from the media in which they are contained. The Alliance will invest \$350,000. Part of the investment proceeds will be used to restructure the company's previous debt to the MSTa. The company was the Alliance's first funding recipient in 1986. At that time Dr. Richard Hammen, the company's founder, relocated the company from California to Missoula. The remainder of the MSTa investment will be used for company development in anticipation of receiving additional private venture capital within 12 to 18 months, which will complement the Alliance investment.

The company's technology is centered around "affinity chromatography," a separation process where certain molecules attach themselves to other molecules in order to trap the desired products. This process increases the yield for purifying biopharmaceuticals produced by genetic engineering and cell culture. It can also be used for routine quantitative chemical analysis, blood filtration, and has potential in other fields such as water purification and environmental cleanup.

Initial sales of the company's chromatography products have generated customer approval because of high quality and the company's ability to exceed industry standards. Earlier this year the company entered into a 5-year, \$1 million research and development contract with a Japanese firm to develop biotechnology products.

"We believe that the prospects for ChromatoChem and its affinity chromatography products are good," stated Steve Huntington. "The positive customer response to initial products is encouraging," he said. "We look forward to participating with other venture investors in the future to enable the company to achieve its potential."

Huntington added that the Alliance investments in Basic Bio Systems, Inc. and ChromatoChem, Inc. complement the biotechnology emphasis being developed in the Missoula-Hamilton area. The investment in both companies also acknowledges the state's commitment to furthering its fledgling biotechnology industry. If the companies are successful, they will generate a substantial return on the Alliance's investment.



## HOUSING UNIT COUNTS

The Census Bureau is sending housing unit counts to more than 25,000 county, city, town and Indian tribal governments for review before the 1990 census questionnaires are delivered next March.

The voluntary inter-governmental Local Review Program exists to ensure that the bureau's questionnaire address list is complete. Local officials will review the pre-census housing unit counts for their communities block-by-block. Then, using property tax records, occupancy and demolition permits, utility hookup counts and/or local canvasses, local government officials will compare their estimates with the bureau's pre-census housing counts.

During the past few months, the Census Bureau shipped computer-produced maps to each jurisdiction to use in preparing local estimates

for comparison with the bureau's block-by-block counts. The current pre-census local review involves the 25,000 governments located in mail-out, mail-back areas, while the post-census review will encompass all 39,000 jurisdictions.

Local governments have until January 5, 1990, to check the counts and to respond to one of 449 local 1990 census district offices. If local officials find discrepancies, census workers will either conduct an office review and/or a field check of the area involved.

The 1990 census is a do-it-yourself count that is taken mostly by mail. One questionnaire will be delivered to each housing unit beginning next March 23. Two questionnaires will be used. The short form will contain 14 questions and will go to five out of six housing units. A long form with the same 14 questions plus 45 more will go to one-sixth of the housing units.

An adult in each household is asked to complete the census form and mail it back to a census office for processing beginning April 1, Census Day. In sparsely settled and some seasonal housing areas, the U.S. Postal Service will deliver an undressed questionnaire to each housing unit and census workers later will pick up the forms.

### CENSUS '90



**Answer the Census.  
It Counts for  
More Than You Think.**

## AVIATION PRESIDENT ELECTED



Michael Ferguson

Michael Ferguson, administrator of the Montana Aeronautics Division, was elected president of the National Association of State Aviation Officials (NASAO) at the association's 58th annual meeting in Rapid City, South Dakota.

In accepting his new position, Ferguson remarked that challenges for the coming year include continued federal spending constraints on important aviation needs nationwide. In addition, the expiration of certain funding authorizations within federal aviation programs will require thoughtful input from state partners to assure that aviation development does not suffer.

Ferguson brings a long and experienced career to the post. He has been the Montana Aeronautics Division Administrator since 1975 and prior to that was a fixed-base operator in Billings for 14 years. An active pilot and aviation promoter, he has more than 5600 hours of flying experience and holds two world and U.S. class flight records set in 1985 in his 1953 Beech Bonanza.

## LOTTO\*AMERICA

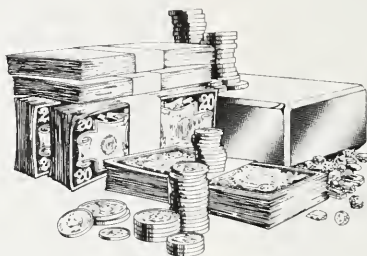
The Montana Lottery has entered the world of megabucks lottery. Now players have a chance to play for big money with the LOTTO\*AMERICA game that began sales November 9, 1989.

"Our players had been asking for Lotto ever since we began," commented Spencer Hegstad, chairman of the Lottery Commission. "I'm glad we were finally able to meet the need," he added. "And it's fitting that we began on the first day of our second century of statehood."

Montana lottery players purchased \$244,599 worth of tickets from 253 Lotto retailer outlets during the first week of sales. "We had hoped to sell at least 100,000 tickets a week

with the start of Lotto," said Director Chuck Brooke. "The figures for the first week have more than doubled that amount and provide a strong sales base to complement sales from our instant scratchoff games."

With a combined population base of 20 million, lotteries currently offering LOTTO\*AMERICA in addition to Montana are Oregon, Kansas, Missouri, Iowa, Wisconsin, West Virginia, Rhode Island and Washington, D.C.



### Can We Help You?

Michael Letson, <i>Director</i> .....	444-3797
Andy Poole, <i>Deputy Director</i> .....	444-3797
Business Development Division, Bob Heffner, <i>Administrator</i> .....	444-4271
Public Safety Division, W. James Kembel, <i>Administrator</i> .....	444-3737
Legal Unit and Consumer Affairs, Annie M. Bartos, <i>Chief Counsel</i> .....	444-4313
Local Government Assistance Division, Newell Anderson, <i>Administrator</i> .....	444-3757
Montana Board of Housing, Dick Kain, <i>Administrator</i> .....	444-3040
Montana Board of Investments, Dave Lewis, <i>Executive Director</i> .....	442-1970
Montana Health Facility Authority, Jerry Hoover, <i>Administrator</i> .....	444-5435
Office of Research and Information Services, Sandy Courtneage, <i>Administrator</i> .....	444-3814
Montana Promotion Division, Sandra Guedes, <i>Administrator</i> .....	444-2654
Montana Science and Technology Alliance, Steve Huntington, <i>Executive Director</i> .....	449-2778
Aeronautics Division, Michael Ferguson, <i>Administrator</i> .....	444-2506
Financial Division, Fred Flanders, <i>Administrator</i> .....	444-2091
Transportation Division, Patricia Saindon, <i>Administrator</i> .....	444-3423
Management Services Division, Carolyn Doering, <i>Administrator</i> .....	444-4212
Coordinator of Indian Affairs, Don Wetzel, <i>Coordinator</i> .....	444-3702
Lottery Division, Chuck Brooke, <i>Director</i> .....	444-5825

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